

BANK INDONESIA REGULATION

NO. 10/30/PBI/2008

CONCERNING

CHANGE ON

BANK OF INDONESIA REGULATION

NO: 10/26/PBI/2008

CONCERNING

SHORT-TERM FINANCING FACILITY

FOR COMMERCIAL BANKS

WITH THE BLESSING OF GOD ALMIGHTY

THE GOVERNOR OF BANK INDONESIA

Considering : a. whereas to balance and maintain the stability of banking system and the continuity of national economics in the midst of global financial crisis, it is deemed necessary to provide wider access for banks in financial difficulty.

b. in relation to the point, it is deemed necessary to momentarily amend the Bank Indonesia Regulation concerning short term financing facility;

In view of : 1. Act Number 7 of 1992 concerning Banking (State Gazette Republic of Indonesia Number 31 of 1992, Supplement to State Gazette Republic of Indonesia Number 3472) as have been amended

by Act Number 10 of 1998 (State Gazette Republic of Indonesia Number 182 of 1998, Supplement to State Gazette Republic of Indonesia Number 3790);

State 2. Act Number 23 of 1999 concerning Bank of Indonesia (State of Gazette Republic of Indonesia Number 66 of 1999, Supplement to Gazette Republic of Indonesia Number 3483) as last have been amended by Government Regulation Replacing Law Number 2 of 2008 (State Gazette Republic of Indonesia Number 142 of 208, Supplement to State Gazette Republic of Indonesia Number 4901);

HAS DECREED

To enact: BANK INDONESIA REGULATION CONCERNING THE SUPPLEMENT TO BANK INDONESIA REGULATION NUMBER 10/26/PBI/3008 CONCERNING SHORT-TERM FINANCING FACILITY TO COMMERSIAL BANKS.

Article 1

Some provisions in Bank Indonesia Regulation no. 10/26/PBI/2008 concerning Short-Term Financing Facility to Commercial Banks (State Gazette Republic of Indonesia Number 160 of 2008, Supplement State Gazette Republic of Indonesia Number 4912), amended as following:

1. Provision article 2 are amended as follow:

Article 2

- (1) Bank with Short-Term Financing difficulty may acquire Short-Term Financing Facility (FPJP) in accordance with requirements in this Bank Indonesia Regulation.
- (2) Only Bank with positive Capital Adequacy Ratio may submit application to Short-Term Financing Facility.

(3) Ceiling of Short-Term Financing Facility shall be set based on estimated liquidity needs of the Bank to meet Minimum Statutory Reserves (GWM) in accordance with the applicable laws and regulations.

(4) Disbursement of the FPD shall be in the amount necessary for the Bank to comply the Minimum Statutory Reserves Requirement.

2. Provision in Act 4 are amended as follow:

(1) High quality collaterals as referred to in Article 3 are:

- a. Securities;
- b. Credit asset;

(2) Types of securities as referred to in paragraph (1) letter a are:

- a. Securities issued by the Government of Republic of Indonesia or Bank Indonesia, such as but not limited to SUN, SBSN, SBI and Bank Indonesia Sharia Certificate; and/or
- b. Securities issued by other legal entities that at the time FPJP application is submitted, has a minimum rating of investment grade, traded actively, and has a minimal duration of 90 days.

(3) Credit Asset that can be secured as FPJP collateral as referred to in paragraph (1) letter b has the following requirements:

- a. Liquid collectibility for the last 3 month;
- b. Is not a Consumption Loan excluding mortgage (KPR);
- c. Is not a Loan to parties related to Bank;
- d. Credit asset has a collateral;
- e. Outstanding loan does not exceed loan ceiling and maximum loan extension on the time of disbursement; and
- f. Has an loan agreement and collateral binding with legal force.

(4) Securities as referred to in paragraph (2) letter b can only be used as FPJP collateral in the event of:

- a. Bank has no securities as referred to in paragraph (2) letter a; or
- b. Not enough securities as referred to in paragraph (2) letter a to be secured as FPJP collateral.

(5) Credit Asset as referred to in paragraph (1) letter b shall only be used as FPJP collateral in the event of Bank has no securities or not enough securities to be secured as FPJP collateral.

3. Between Article 17 and Article 18 is inserted 1 (one) new article as Article 17A, which reads as follow:

Article 17 A

Bank Indonesia shall designate Bank receiving FPJP as Bank Under Special Surveillance.

Article 11

This Bank Indonesia Regulation

This Bank Indonesia Regulation shall come to force on the date of its enactment.

Letter be promulgated in State Gazette of the Republic of Indonesia. Please be informed accordingly.

Enacted in Jakarta

Dated 14 November 2008

THE GOVERNOR OF BANK INDONESIA

BOEDIONO

Promulgated in Jakarta

Dated 14 November 2008,

MINISTER OF LAW AND HUMAN RIGHTS

REPUBLIC OF INDONESIA

ANDI MATTALATTA

STATE GAZETTE OF THE REPUBLIC OF INDONESIA NUMBER 178 OF 2008

ELUCIDATION
TO
BANK INDONESIA REGULATION
NO. 10/30/PBI/2008
CHANGE ON
BANK OF INDONESIA REGULATION
NO: 10/26/PBI/2008
CONCERNING
SHORT-TERM FINANCING FACILITY
FOR COMMERCIAL BANKS

I. GENERAL REVIEW

The impact of ongoing global financial crisis has affected numerous countries including Indonesia. This has directly as well as indirectly affect financial stability system of Indonesia including its banking system.

One of the influence of the global financial crisis is social concern of reliability and safety of the banking system, as can be seen with the increase of social panic as a reaction to the crisis. Meanwhile, social trust is one of the main prerequisite needed to create a stable banking system.

Taking that into consideration, several measures are deemed necessary to anticipate disruptions to banking performance and intermediary function in order to maintain social trust toward the banking system. Declining progress in economic conditions is thought to further disrupt the banking financial condition. In order to anticipate those conditions, Bank Indonesia as lender of the last resort needs to widen access to Short-term Financing Facility for bank in financial difficulty.

II. ARTICLE BY ARTICLE

Article 1

Number 1

Article 2

Paragraph (1)

Self explanatory

Paragraph (2)

Minimum Capital Adequacy Ratio used is based on calculation by Bank Indonesia.

Paragraph (3)

Bank estimation on estimated liquidity assessment is based on cash flow projection for a duration of no more than 14 (fourteen) calendar days.

Paragraph (4)

Minimum Statutory Reserves Requirement is based on calculation by Bank Indonesia.

Number 2

Article 4

Paragraph (1)

Self explanatory

Paragraph (2)

Letter a

Self explanatory

Letter b

Securities issued by other legal entities are corporate bonds either conventional or sharia.

The ratings are based on rating by rating companies accepted by Bank Indonesia as regulated as Bank Indonesia provisions concerning Rating Companies and Rating Accepted by Bank Indonesia.

Paragraph (3)

Letter a

Liquid collectibility is the liquid quality as regulated in Bank Indonesia Provision concerning Rating on Quality of Asset of Commercial Banks.

Letter b

Self explanatory

Letter c

Related parties are parties related as referred to in Bank Indonesia Provision that stipulates the Ceiling of Credit Extension (BMPK) of Commercial Bank.

Letter d

Collateral is meant to increase confidence of quality of Credit secured to be FPJP collateral.

Letter e

Maximum credit extension refer to Bank Indonesia Regulation concerning Maximum Lending Limit (BMPK) for Commercial Bank.

Letter f

Self explanatory

Number 3

Article 17A

Self explanatory

Article II

Self explanatory

SUPPLEMENT TO STATE GAZETTE REPUBLIC OF INDONESIA NUMBER 4923 OF
2008

DPNP/DPM